

## **APPENDIX E LIFE CYCLE COSTS**

### **1. INTRODUCTION**

The Army has developed life cycle cost analyses for 28 privatization candidate sites (see **Table E-1**). These analyses are based on the potential project scopes shown in Table 2-1 and notional development plans. During concept development, each site will be fully analyzed in detail in accordance with procedures approved by the Office of the Secretary of Defense (OSD).

### **2. APPROACH**

This analysis compares the present value of the total life cycle cost for two alternatives and seeks to identify the more economical of the two, from the Government perspective. The Military Construction (MILCON) Alternative is shown in the table as "AFHC", or "Army Family Housing Construction". The Privatization Alternative is shown in the table as "RCI", for Residential Communities Initiatives. Because life cycle cost analyses are decision-making tools for the Government, all costs reflected in these analyses are Government costs and shown in constant, FY 2002 dollars. Some considerations for these analyses are:

- Army Family Housing Operations (AFHO) costs for the MILCON/AFHC Alternative in this comparison were prepared according to OSD policy released on February 6, 2002.
- Government expenditures for the entirety of a development scope (AFHC) are identical to that assumed for the Privatization Alternative. These expenditures were based on the differential between the new unit cost expected under each Alternative.
- Single largest cost to the Government under the Privatization Alternative is the Basic Allowance for Housing (BAH) paid to military residents over the life of the project.
- Other Government costs under the Privatization alternative include the Community Development and Management Plan (CDMP) purchase price, the cost of oversight/asset management, fire and police protection attributable to family housing, and any equity investment taken by the Government in the privatization entity.
- Although both alternatives incur school impact aid, this is a "wash cost" and does not affect the relative ranking of the two alternatives.

### **3. SUMMARY**

This analysis shows that the Privatization alternative is less costly over the life cycle than the MILCON/AFHC Alternative for all FY 2002 to FY 2005 privatization candidates.

**Table E-1  
Life Cycle Costs  
(\$M)**

<b>Fiscal Year</b>	<b>Installation</b>	<b>Concept Approval Received</b>	<b>Estimated Costs (under AFHC)</b>	<b>Estimated Costs (Under RCI)</b>
FY00	Fort Carson	Yes	\$895.00	\$929.00
FY01	Fort Hood	Yes	\$1,185.00	\$1,122.00
FY01	Fort Lewis	Yes	\$1,637.00	\$1,322.00
FY01	Fort Meade	Yes	\$1,743.00	\$1,049.00
FY02	Fort Bragg	Yes	\$1,520.56	\$1,243.49
FY02	Presidio or Monterey	Yes	\$1,165.45	\$1,050.50
FY02	Fort Hamilton	Yes	\$149.02	\$137.50
FY02	Fort Detrick	Yes	\$181.50	\$119.05
FY02	Fort Campbell	Yes	\$1,434.79	\$951.36
FY02	Fort Irwin/Moffet/Parks	Yes	\$1,511.35	\$1,112.60
FY02	Picatinny Arsenal	Yes	\$63.77	\$42.96
FY02	Walter Reed AMC	Yes	\$186.11	\$125.40
FY02	Fort Stewart/Hunter AAF	Yes	\$1,068.09	\$824.13
FY03	Fort Polk	Yes	\$1,085.74	\$762.01
FY03	Fort Belvoir	Yes	\$1,671.83	\$1,305.92
FY03	Fort Shafter/Shofield Barracks	Yes	\$3,828.99	\$2,751.70
FY03	Forts Eustis/Story/Monroe	Yes	\$531.71	\$362.31
FY03	Fort Leonard Wood		\$829.45	\$587.91
FY04	Fort Sam Houston		\$357.25	\$291.90
FY04	Fort Bliss		\$900.96	\$720.20
FY04	Fort Knox		\$1,081.87	\$746.49
FY04	Fort Benning		\$1,286.89	\$1,107.53
FY04	Redstone Arsenal		\$240.86	\$166.44
FY05	Fort Gordon		\$279.94	\$260.03
FY05	Fort Rucker		\$452.44	\$338.08
FY05	Fort Leavenworth		\$627.33	\$469.86
FY05	Carlisle Barracks		\$140.17	\$119.80
FY05	Fort Drum		\$1,279.92	\$608.32
<b>Total</b>			<b>\$27,335.95</b>	<b>\$20,627.49</b>